

Quick Note 13/07/2017

Spain · Core inflation was up 2 tenths in June

Data

- CPI showed a YoY change of **1.5% in June** (1.9% in May).
- **Core inflation** stood at **1.2%** (1.0% in May).

Valuation

- Inflation eased 4 tenths in June to 1.5%. This easing in the pace of price growth was due to a slowdown in **transport** prices, in turn caused by a slower rate of fuel price growth, and **household** prices due to electricity prices also easing. Meanwhile, prices for **leisure and culture**, and likewise **hotels, cafes and restaurants** gained traction.
- **Core inflation** (the general index excluding non-prepared foods and energy products) **stood at 1.2%**, 2 tenths above the May figure and slightly higher than CaixaBank Research forecasts.
- Looking ahead to the coming months, inflation is expected to continue to ease due to a slowdown from oil prices in YoY terms. Likewise, core inflation is set to be supported by buoyant private consumption.
- In the light of this figure, **the risks for the full-year 2017 inflation forecast (1.8%) look balanced.**

CPI components (June-17) YoY

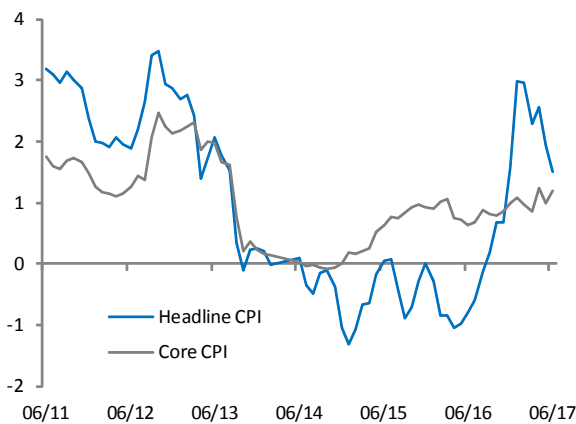
Variación interanual (%)

	Weight	CaixaBank Research forecast	Real data	Prediction error
Headline CPI	100	1.5	1.5	-
Energy	11	2.9	3.7	0.8
Unprocessed food	8	2.4	1.9	-0.5
Core CPI	81	1.0	1.2	0.2
Services	41	1.7	1.9	0.2
Industrial goods	25	0.1	0.2	0.0
Processed food	15	0.6	0.7	0.1

Source: CaixaBank Research, based on INE data.

CPI evolution

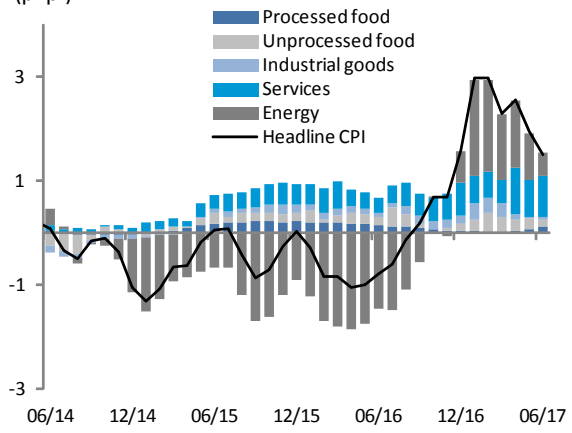
YoY change (%)



Source: CaixaBank Research, based on INE data.

Contribution to inflation by component

(p. p.)



Note: * YoY change.

Source: CaixaBank Research, based on INE data.

Jordi Singla, Economist, Macroeconomics Department, Strategy Planning and Research Division, CaixaBank e-mail: research@caixabank.com

NOTICE REGARDING PUBLICATION OF THE CAIXABANK "QUICK REPORT"

The "Quick Report" (Nota Breve) is a publication from the CaixaBank Strategy Planning and Research Department, which includes information and opinions derived from sources that we consider reliable. This document is provided for informational purposes only, and CaixaBank accept no responsibility under any circumstances for any use made of the same. The opinions and estimates contained herein are those the Strategy Planning and Research Department and may be subject to change without notice. Total or partial reproduction of the document, its transformation, distribution, public communication, provision, extraction, re-use, forwarding or use of any kind, by any means or process, is strictly prohibited without the express authorization of CaixaBank.